

**THE OFFICE OF REGULATORY STAFF  
DIRECT TESTIMONY AND EXHIBITS  
OF**

**GABY SMITH**

**August 10, 2012**



**DOCKET NO. 2012-3-E**

**ANNUAL REVIEW OF BASE RATES FOR FUEL COSTS  
OF DUKE ENERGY CAROLINAS, LLC**

**DIRECT TESTIMONY AND EXHIBITS OF**

**GABY SMITH**

**ON BEHALF OF**

**THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF**

**DOCKET NO. 2012-3-E**

**IN RE: ANNUAL REVIEW OF BASE RATES FOR FUEL COSTS OF**

**DUKE ENERGY CAROLINAS, LLC**

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND  
OCCUPATION.**

**A.** My name is Gaby Smith. My business address is 1401 Main Street, Suite 900, Columbia, South Carolina, 29201. I am employed by the South Carolina Office of Regulatory Staff ("ORS") as an Auditor.

**Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND  
EXPERIENCE.**

**A.** I received a Bachelor of Science Degree in Accounting from the University of South Carolina in May 2006. Prior to joining ORS, I held a variety of positions in finance, accounting, and auditing. I began my employment as an auditor with ORS in June 2009 and have participated in various cases involving the regulation of electric and telecommunication utilities.

**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS  
PROCEEDING?**

**A.** The purpose of my testimony is to present the results of ORS Audit Staff's examination of the books and records pertaining to Duke Energy

1 Carolinas, LLC's ("the Company" or "DEC") Fuel Adjustment Clause ("FAC")  
2 operation. The current review period consists of actual costs from June 2011  
3 through May 2012 and the Company's estimated costs for the months of June  
4 through September 2012.

5 **Q. WHAT WAS THE PURPOSE OF THIS EXAMINATION?**

6 **A.** The purpose of this examination was to determine if the Company's  
7 accounting practices in computing and applying the monthly FAC have been in  
8 compliance with S.C. Code Ann. § 58-27-865 (Supp. 2011).

9 **Q. WHAT WAS THE SCOPE OF ORS'S EXAMINATION?**

10 **A.** ORS Audit Staff examined and verified the monthly fuel adjustment  
11 factor calculations and the fuel recovery balances recorded in the Company's  
12 books and records. The current fuel examination covered the actual period of June  
13 2011 through May 2012 ("actual review period") and four (4) estimated months  
14 from June to September 2012. The Audit Staff's examination consisted of:

15 1. Analyzing the Fuel Stock Account

16 ORS's analysis of the Fuel Stock Account consisted of verifying receipts to,  
17 and issues from, the fuel management system to the general ledger, examining  
18 monthly fuel charges originating in fuel accounting, and ensuring that only  
19 proper charges were entered in the Company's computation of fuel costs for  
20 purposes of adjusting base rates for fuel.

21 2. Sampling Receipts to the Fuel Stock Account

22 ORS's review of receipts to the Fuel Stock Account consisted of examining  
23 and testing selected transactions which support additions to the account. Each

1 transaction examined was tested for mathematical accuracy and vouched to a  
2 corresponding waybill or truck bill, supplier invoice, base cost report, a freight  
3 invoice, and transportation cost report. Transactions were then verified to a  
4 fuel management system payment voucher to verify payment of the correct  
5 amount to the vendors.

6 3. Verifying Charges to Nuclear Fuel Expense

7 ORS verified the expense amounts of nuclear fuel to the books and records for  
8 the actual review period to confirm the accuracy of these expenses to fuel  
9 amortization schedules.

10 4. Verifying Purchased and Interchange Power Fuel Costs

11 ORS verified the Company's purchased and interchange power fuel costs,  
12 kilowatt-hour ("kWh") purchases and kWh sales for the actual review period  
13 to the Company's "Intersystem Purchase and Sales Transaction" reports,  
14 individual vendor purchase schedules, and to monthly invoices, on a sample  
15 basis. ORS recomputed the Company's sales and purchases for the actual  
16 review period. The purchased and interchange power amounts for the actual  
17 review period and the resultant over (under)-recovery monthly deferred fuel  
18 amounts for the period reflect calculations which conform to S.C. Code Ann.  
19 § 58-27-865 (Supp. 2011). This statute addresses fuel costs related to  
20 purchased power. Subsection (A)(2)(b) of this statute states that the total  
21 delivered cost of economy purchases, including (but not limited to)  
22 transmission charges, are included in purchased power costs if those  
23 purchases are "less than the purchasing utility's avoided variable costs for the

1 generation of an equivalent quantity of electric power.” ORS applied this  
2 statute to the examined economic purchases along with the applicable avoided  
3 costs.

4 5. Verifying kWh Sales

5 ORS verified total system kWh sales, as filed in the monthly fuel factor  
6 computation, to monthly billed revenue reports for the actual review period.

7 The monthly kWh sales figures were then used to determine the fuel cost per  
8 kWh sold.

9 6. Recalculating the Fuel Adjustment Factors and Verifying the Deferred Fuel

10 Costs

11 ORS recalculated the fuel cost adjustment factors for the actual review period  
12 utilizing information obtained from the Company’s records and verified these  
13 total fuel costs to the Company’s books and records. In recalculating the  
14 monthly factors, ORS divided total fuel costs by total system kWh sales to  
15 arrive at fuel costs per kWh sold. The base fuel cost per kWh was then  
16 subtracted from the actual fuel cost per kWh sold. The resulting figure  
17 represents the fuel cost adjustment above or below the base rate per kWh. The  
18 actual South Carolina retail jurisdictional deferred fuel costs for each month  
19 were verified to the Company’s books and records.

20 7. Recalculating the True-up of the Over (Under)-Recovered Fuel Costs

21 ORS analyzed and recomputed the cumulative over (under)-recovery of actual  
22 base fuel costs for the period June 2011 through May 2012 and estimated over  
23 (under)-recovery through September 2012. In addition, ORS recomputed the

1 cumulative over (under)-recovery of actual environmental fuel costs for the  
2 period June 2011 through May 2012 and estimated over (under)-recovery  
3 through September 2012.

4 **Q. LAST YEAR'S SETTLEMENT AGREEMENT IN DOCKET NO. 2011-3-E**  
5 **STATES "THE FOLLOWING TWO MATTERS WITH RESPECT TO**  
6 **REAGENT COSTS ARE SUBJECT TO TRUE-UP IN THE DUKE**  
7 **ENERGY CAROLINAS 2012 FUEL HEARING: (1) BOOKED COST**  
8 **VERSUS ACTUAL COST AND (2) BOOKED SALES AND USE TAX**  
9 **VERSUS ACTUAL SALES AND USE TAX." HAVE THESE TRUE-UPS**  
10 **BEEN DONE?**

11 **A.** Yes. The true-ups are incorporated in Audit Exhibit GS-7.

12 **Q. PLEASE EXPLAIN THE AUDIT EXHIBITS ATTACHED TO YOUR**  
13 **TESTIMONY.**

14 **A.** ORS prepared audit exhibits from the Company's books and records,  
15 reflecting fuel costs during the actual review period. Specifically, these exhibits  
16 include the following:

17 **AUDIT EXHIBIT GS-1: COAL COST STATISTICS**

18 This audit exhibit details spot and contract coal received, separately and  
19 combined, for the actual review period. The comparison is made in the following  
20 five (5) areas:

21 (1) Tons Received

22 (2) Percentage of Total Tons Received

23 (3) Total Received Cost

(4) Received Cost Per Ton

(5) Cost Per thousand British thermal units ("MBTU")

ORS then took the combined total received cost for the twelve (12) months and divided this by the combined total tons for the twelve (12) months to arrive at a weighted average cost per ton of \$96.77 for the actual review period.

**AUDIT EXHIBIT GS-2: RECEIVED COAL – COST PER TON  
COMPARISON**

This audit exhibit details the received cost per ton for coal for each month of the actual review period for DEC, Progress Energy Carolinas, Inc., and South Carolina Electric & Gas Company. For comparison purposes, ORS has shown the invoice cost per ton, freight cost per ton, total cost per ton, and the cost per MBTU.

**AUDIT EXHIBIT GS-3: TOTAL BURNED COST (FOSSIL AND  
NUCLEAR)**

This audit exhibit details the per book cost of fuel burned for electric generation during the actual review period. The burned cost of each class of fuel is shown separately. These costs are used in the computations of the base fuel cost component. Emission allowance expenses and other variable environmental costs, as described in § 58-27-865(A)(1), are shown separately on Audit Exhibit GS-6.

**AUDIT EXHIBIT GS-4: COST OF FUEL**

This audit exhibit details ORS's computation of the total fuel cost applicable to the factor computation. There are three (3) components used in arriving at this cost. These components are:

(1) Total Cost of Fuel Burned

(2) Purchased and Interchange Power Fuel Cost

(3) Fuel Cost Recovered from Intersystem Sales

Total Cost of Fuel Burned--- This amount is the total cost of all fossil and nuclear fuel burned during the actual review period used in the base fuel component computation. A detailed breakdown of coal, oil, gas, biomass and nuclear fuel can be seen in Audit Exhibit GS-3.

Purchased and Interchange Power Fuel Cost--- This amount is the fuel cost of DEC's monthly kWh purchases from other electric utilities or power marketers.

Fuel Cost Recovered from Intersystem Sales--- This amount is the fuel cost related to kWhs sold during the period to other electric utilities or power marketers. Total fuel cost applicable to the base fuel component factor is computed by adding the cost of fuel burned to purchased and interchange power fuel costs. This amount is then reduced by fuel cost associated with intersystem sales.

**AUDIT EXHIBIT GS-5: S.C. RETAIL COMPARISON OF FUEL REVENUES & EXPENSES**

This audit exhibit details the actual fuel cost computations for June 2011 through May 2012 as well as estimated fuel costs for June through September 2012. The exhibit also shows the computations of the cumulative over (under)-recovery balances.



**AUDIT EXHIBIT GS-6: TOTAL ENVIRONMENTAL COSTS**

This audit exhibit details the total environmental costs for the actual review period for sulfur dioxide ("SO<sub>2</sub>") emission allowances, limestone, ammonia, and urea. For this review period, there were no nitrogen oxide ("NO<sub>x</sub>") emission allowances or dibasic acid costs.

**AUDIT EXHIBIT GS-7: DETAILS OF ENVIRONMENTAL COSTS**

This audit exhibit details the actual environmental cost computations for the actual review period for SO<sub>2</sub> emission allowances, limestone, ammonia, urea, and estimates of variable environmental costs for June through September 2012. This exhibit also shows the computation of the cumulative over (under)-recovery balances and various adjustments for June 2011 through May 2012.

**Q. WOULD YOU PLEASE EXPLAIN THE CUMULATIVE OVER (UNDER)-RECOVERY AMOUNT BROUGHT FORWARD IN AUDIT EXHIBIT GS-5?**

**A.** Yes. As detailed in Audit Exhibit GS-5, ORS brought forward a cumulative (under)-recovery balance from May 2011 of (\$528,767). The Company's testimony (McManeus Exhibit 4) reflects a rounded (under)-recovery balance brought forward from May 2011 of (\$529,000).

**Q. PLEASE ELABORATE ON ORS AUDIT STAFF'S COMPUTATION OF THE TRUE-UP OF OVER (UNDER)-RECOVERED FUEL COSTS.**

**A.** ORS Audit Exhibit GS-5 provides details of ORS's calculation of the actual cumulative over-recovery balance through May 2012, and the estimated balance through September 2012. The cumulative over-recovery amount as of

1 May 2012 totaled \$41,792,888. ORS then added estimated over-recoveries of  
2 \$4,338,782 for June 2012, \$6,128,348 for July 2012, \$4,988,187 for August 2012,  
3 and \$625,372 for September 2012 to arrive at a cumulative over-recovery balance  
4 of \$57,873,577 through September 2012. The Company's testimony (McManeus  
5 Exhibit 4) in this docket reports the rounded cumulative over-recovery total  
6 through May 2012 as \$41,792,000 and through September 2012, the rounded  
7 cumulative over-recovery totals \$57,872,000.

8 **Q. DID THE COMPANY MAKE ANY ADJUSTMENTS OR TRUE-UPS**  
9 **DURING THE ACTUAL REVIEW PERIOD FOR THE BASE FUEL**  
10 **COMPONENT?**

11 **A.** Yes. As reflected in Audit Exhibit GS-5, the Company recorded adjustment (1) in  
12 the amount of \$867 in June 2011 and adjustment (2) in the amount of \$8,265 in  
13 July 2011. Both adjustments are the result of a timing lag regarding biomass  
14 costs. These costs were adjusted to reflect pricing at the allowable avoided cost  
15 rate.

16 **Q. WOULD YOU PLEASE EXPLAIN THE CUMULATIVE OVER (UNDER)-**  
17 **RECOVERY BALANCE BROUGHT FORWARD IN AUDIT EXHIBIT**  
18 **GS-7?**

19 **A.** Yes. As detailed in Audit Exhibit GS-7, ORS brought forward a  
20 cumulative over-recovery balance from May 2011 of \$3,595,468. The Company's  
21 testimony (McManeus Exhibit 6) reports a rounded cumulative over-recovery  
22 balance brought forward from May 2011 of \$3,595,000.

1     **Q.     PLEASE ELABORATE ON ORS AUDIT STAFF'S COMPUTATION OF**  
2           **THE TRUE-UP OF OVER (UNDER)-RECOVERED ENVIRONMENTAL**  
3           **COSTS.**

4     **A.**           ORS Audit Exhibit GS-7 provides details of ORS's calculation of the  
5           actual cumulative over-recovery balance through May 2012, and the estimated  
6           balance through September 2012. The cumulative over-recovery amount as of  
7           May 2012 totaled \$7,198,018. ORS then added estimated (under)-recoveries of  
8           (\$109,404) for June 2012, (\$32,648) for July 2012, (\$40,891) for August 2012  
9           and an over-recovery of \$120,934 for September 2012. ORS also added over-  
10          recovery adjustments of \$5,151, \$18,670, \$13,227, and \$1,024,804 to arrive at a  
11          cumulative over-recovery of \$8,160,813 through September 2012. The  
12          Company's testimony (McManeus Exhibit 6) in this docket reports the rounded  
13          cumulative over-recovery total through May 2012 as \$7,160,000 and through  
14          September 2012, the rounded cumulative over-recovery balance totals  
15          \$7,099,000. ORS's over-recovery adjustments in May and September 2012 are  
16          more fully addressed later in my testimony as adjustments (3) through (6).

17    **Q.     DID ORS MAKE ANY ADJUSTMENTS OR TRUE-UPS DURING THE**  
18           **ACTUAL REVIEW PERIOD FOR THE ENVIRONMENTAL COST**  
19           **COMPONENT?**

20    **A.**     Yes. As previously stated, ORS made the following adjustments as shown on  
21           Audit Exhibit GS-7:

1        **Adjustment (3)** - In May 2012, ORS made an over-recovery adjustment in the  
2        amount of \$5,151 to apply the appropriate sales tax on reagent expenses for the  
3        month of July 2011.

4        **Adjustment (4)** - In May 2012, ORS made an over-recovery adjustment in the  
5        amount of \$18,670 to correct transposition errors regarding gains on emission  
6        allowance sales in the months of February through May 2012.

7        **Adjustment (5)** - In the months of December 2011 and January, March, and April  
8        of 2012, the Company included a system total of \$51,174 for experimental  
9        reagent expenses for the reduction of NOx and mercury emissions. As these  
10       experimental reagents had not been approved by the Commission, ORS made a  
11       S.C. retail over-recovery adjustment of \$13,227.

12       **Adjustment (6)** - In September 2012, ORS made a S.C. retail over-recovery  
13       adjustment of \$1,024,804 to account for known and measurable gains totaling  
14       \$3,945,728, which were omitted from the Company's testimony.

15    **Q.    WHAT ARE THE COMBINED CUMULATIVE OVER (UNDER)-**  
16    **RECOVERIES OF THE BASE FUEL COST AND ENVIRONMENTAL**  
17    **COST COMPONENTS AS OF ACTUAL MAY 2012 AND AS OF**  
18    **ESTIMATED SEPTEMBER 2012?**

19    **A.**        As of May 2012, based on a base fuel cost component cumulative over-  
20       recovery balance of \$41,792,888 and an environmental cost component  
21       cumulative over-recovery balance of \$7,198,018, the combined result totals  
22       \$48,990,906. As of September 2012, based on a base fuel cost component  
23       cumulative over-recovery balance of \$57,873,577 and an environmental cost

1 component cumulative over-recovery balance of \$8,160,813 the combined result  
2 totals \$66,034,390.

3 **Q. WHAT IS THE RESULT OF ORS'S EXAMINATION?**

4 **A.** Based on ORS Audit Staff's examination of the Company's books and  
5 records, and its operation of the fuel cost recovery mechanism, it is ORS's  
6 opinion that, subject to ORS adjustments (3) through (6) for the environmental  
7 component, the Company's accounting practices in computing and applying the  
8 monthly FAC have been in compliance with S.C. Code Ann. § 58-27-865 (Supp.  
9 2011).

10 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

11 **A.** Yes, it does.

Duke Energy Carolinas, LLC  
Coal Cost Statistics  
June 2011 - May 2012  
Docket No. 2012-3-E

Spot					
<u>Month</u>	<u>Tons Received</u>	<u>Percentage of Total Tons Received</u>	<u>Total Received Cost</u>	<u>Received Cost Per Ton</u>	<u>Cost Per MBTU</u>
	Tons	%	\$	\$	\$
Jun-11	51,904	5.00%	5,089,109	98.05	3.9912
Jul-11	57,088	5.09%	5,700,989	99.86	4.0575
Aug-11	126,879	8.89%	12,587,154	99.21	4.0807
Sep-11	175,133	13.57%	18,239,336	104.15	4.2147
Oct-11	154,278	11.36%	14,777,943	95.79	3.9774
Nov-11	183,946	13.96%	18,243,451	99.18	4.4299
Dec-11	115,880	8.87%	12,249,468	105.71	4.2638
Jan-12	26,453	2.35%	2,519,263	95.24	6.5179
Feb-12	9,044	0.83%	642,620	71.05	3.2555
Mar-12	0	0.00%	(4,647)	0.00	0.0000
Apr-12	0	0.00%	279	0.00	0.0000
May-12	0	0.00%	0	0.00	0.0000
Totals (6/11- 5/12)	900,605		90,044,965		

Contract					
<u>Month</u>	<u>Tons Received</u>	<u>Percentage of Total Tons Received</u>	<u>Total Received Cost</u>	<u>Received Cost Per Ton</u>	<u>Cost Per MBTU</u>
	Tons	%	\$	\$	\$
Jun-11	986,996	95.00%	87,235,848	88.39	3.6539
Jul-11	1,064,373	94.91%	94,618,770	88.90	3.6676
Aug-11	1,300,837	91.11%	119,035,511	91.51	3.7625
Sep-11	1,115,068	86.43%	100,175,938	89.84	3.6827
Oct-11	1,203,913	88.64%	109,225,008	90.73	3.7183
Nov-11	1,133,276	86.04%	103,415,191	91.25	3.7311
Dec-11	1,190,921	91.13%	108,591,594	91.18	3.7455
Jan-12	1,100,659	97.65%	100,841,114	91.62	3.7667
Feb-12	1,085,149	99.17%	101,341,141	93.39	3.8325
Mar-12	795,810	100.00%	75,382,206	94.72	3.8386
Apr-12	867,257	100.00%	83,373,672	96.13	3.8556
May-12	820,718	100.00%	77,901,049	94.92	3.8266
Totals (6/11- 5/12)	12,664,977		1,161,137,042		

Duke Energy Carolinas, LLC  
Coal Cost Statistics  
June 2011 - May 2012  
Docket No. 2012-3-E

<u>Month</u>	<u>Combined</u>						
	<u>Tons Received</u>	<u>Percentage of Total Tons Received</u>	<u>Total Received Cost</u>	<u>Adjustments</u>	<u>Adjusted Total Received Cost</u>	<u>Received Cost Per Ton</u>	<u>Cost Per MBTU</u>
	Tons	%	\$	\$	\$	\$	\$
Jun-11	1,038,900	100.00%	92,324,957	5,441,425	97,766,382	94.11	3.8625
Jul-11	1,121,461	100.00%	100,319,759	5,067,998	105,387,757	93.97	3.8566
Aug-11	1,427,716	100.00%	131,622,665	4,789,707	136,412,372	95.55	3.9197
Sep-11	1,290,201	100.00%	118,415,274	6,031,033	124,446,307	96.45	3.9403
Oct-11	1,358,191	100.00%	124,002,951	5,834,508	129,837,459	95.60	3.9037
Nov-11	1,317,222	100.00%	121,658,642	5,231,101	126,889,743	96.33	3.8614
Dec-11	1,306,801	100.00%	120,841,062	4,829,680	125,670,742	96.17	3.9392
Jan-12	1,127,112	100.00%	103,360,377	5,275,499	108,635,876	96.38	3.9188
Feb-12	1,094,193	100.00%	101,983,761	5,490,020	107,473,781	98.22	4.0181
Mar-12	795,810	100.00%	75,377,559	5,089,746	80,467,305	101.11	4.0947
Apr-12	867,257	100.00%	83,373,951	3,990,639	87,364,590	100.74	4.0598
May-12	820,718	100.00%	77,901,049	4,525,950	82,426,999	100.43	4.0628
Totals (6/11- 5/12)	<u>13,565,582</u>		<u>1,251,182,007</u>	<u>61,597,306</u>	<u>1,312,779,313</u>		

<u>Total Received Cost</u>	=	<u>\$ 1,312,779,313</u>	=	<u>\$ 96.77</u>
<u>Total Tons Received</u>		<u>13,565,582</u>		

**Duke Energy Carolinas, LLC**  
**Received Coal - Cost Per Ton Comparison**  
**June 2011 - May 2012**  
**Docket No. 2012-3-E**

**Duke Energy Carolinas, LLC**

<b><u>Month</u></b>	<b><u>Invoice Cost</u></b> <b><u>Per Ton</u></b>	<b><u>Freight Cost</u></b> <b><u>Per Ton</u></b>	<b><u>Total Cost</u></b> <b><u>Per Ton</u></b>	<b><u>Cost</u></b> <b><u>Per MBTU</u></b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Jun-11	65.38	28.73	94.11	3.8625
Jul-11	65.43	28.54	93.97	3.8566
Aug-11	68.41	27.14	95.55	3.9197
Sep-11	67.79	28.66	96.45	3.9403
Oct-11	67.43	28.17	95.60	3.9037
Nov-11	67.75	28.58	96.33	3.8614
Dec-11	69.75	26.42	96.17	3.9392
Jan-12	68.22	28.16	96.38	3.9188
Feb-12	69.62	28.60	98.22	4.0181
Mar-12	71.14	29.97	101.11	4.0947
Apr-12	71.82	28.92	100.74	4.0598
May-12	70.76	29.67	100.43	4.0628

**Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc.**

<b><u>Month</u></b>	<b><u>Invoice Cost</u></b> <b><u>Per Ton</u></b>	<b><u>Freight Cost</u></b> <b><u>Per Ton</u></b>	<b><u>Total Cost</u></b> <b><u>Per Ton</u></b>	<b><u>Cost</u></b> <b><u>Per MBTU</u></b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Jun-11	60.69	28.21	88.90	3.6660
Jul-11	65.02	32.10	97.12	4.0236
Aug-11	63.48	26.18	89.66	3.6926
Sep-11	61.74	27.26	89.00	3.7095
Oct-11	64.97	26.94	91.91	3.7730
Nov-11	62.09	31.02	93.11	3.8410
Dec-11	61.45	28.54	89.99	3.8412
Jan-12	66.69	27.24	93.93	3.8349
Feb-12	65.24	32.42	97.66	3.9985
Mar-12	65.90	24.69	90.59	3.7093
Apr-12	120.50	32.76	153.26	6.2082
May-12	68.17	29.62	97.79	3.9601



**Duke Energy Carolinas, LLC  
Received Coal - Cost Per Ton Comparison  
June 2011 - May 2012  
Docket No. 2012-3-E**

**South Carolina Electric & Gas Company**

<b><u>Month</u></b>	<b><u>Invoice Cost Per Ton</u></b>	<b><u>Freight Cost Per Ton</u></b>	<b><u>Total Cost Per Ton</u></b>	<b><u>Cost Per MBTU</u></b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Jun-11	75.14	34.60	109.74	4.3500
Jul-11	76.52	33.11	109.63	4.3600
Aug-11	81.09	33.45	114.54	4.5600
Sep-11	79.56	32.94	112.50	4.4600
Oct-11	79.74	32.60	112.34	4.4800
Nov-11	78.91	32.74	111.65	4.4600
Dec-11	80.30	32.80	113.10	4.5200
Jan-12	78.09	32.11	110.20	4.3700
Feb-12	77.83	32.75	110.58	4.3600
Mar-12	79.58	34.24	113.82	4.4900
Apr-12	79.54	32.39	111.93	4.4000
May-12	79.89	31.58	111.47	4.3800

Duke Energy Carolinas, LLC  
Total Burned Cost (Fossil and Nuclear)  
June 2011 - May 2012  
Docket No. 2012-3-E

<u>Month</u>	<u>Coal</u>		<u>#2 Oil</u>		<u>Gas</u>		<u>Biomass</u>		<u>Nuclear</u>		<u>Total Burned Cost</u>
	\$	%	\$	%	\$	%	\$	%	\$	%	\$
Jun-11	145,194,083	84.60%	819,711	0.48%	6,352,520	3.70%	167,502	0.10%	19,080,864	11.12%	171,614,680
Jul-11	151,790,517	79.82%	1,160,369	0.61%	15,386,092	8.09%	123,396	0.07%	21,700,963	11.41%	190,161,337
Aug-11	141,892,189	82.55%	1,677,947	0.97%	6,803,869	3.96%	200,436	0.12%	21,309,670	12.40%	171,884,111
Sep-11	105,976,042	83.32%	1,087,679	0.85%	1,305,903	1.03%	16,749	0.01%	18,808,716	14.79%	127,195,089
Oct-11	79,108,827	79.38%	696,068	0.70%	1,304,210	1.31%	313	0.00%	18,552,048	18.61%	99,661,466
Nov-11	75,824,126	75.11%	1,215,873	1.21%	4,404,080	4.36%	0	0.00%	19,505,147	19.32%	100,949,226
Dec-11	74,231,564	70.89%	1,174,168	1.12%	6,687,688	6.39%	0	0.00%	22,620,892	21.60%	104,714,312
Jan-12	80,634,066	70.61%	1,868,085	1.64%	8,758,624	7.67%	0	0.00%	22,937,574	20.08%	114,198,349
Feb-12	64,584,418	66.84%	1,584,608	1.64%	9,009,246	9.33%	0	0.00%	21,443,245	22.19%	96,621,517
Mar-12	59,621,406	64.94%	866,486	0.94%	8,907,526	9.70%	0	0.00%	22,419,681	24.42%	91,815,099
Apr-12	62,491,547	67.95%	1,580,084	1.72%	8,878,910	9.66%	0	0.00%	19,013,431	20.67%	91,963,972
May-12	94,736,990	75.94%	1,521,874	1.22%	8,986,115	7.20%	0	0.00%	19,513,135	15.64%	124,758,114
<b>Totals</b>	<b>1,136,085,775</b>	<b>76.48%</b>	<b>15,252,952</b>	<b>1.03%</b>	<b>86,784,783</b>	<b>5.84%</b>	<b>508,396</b>	<b>0.03%</b>	<b>246,905,366</b>	<b>16.62%</b>	<b>1,485,537,272</b>

**Duke Energy Carolinas, LLC**  
**Cost of Fuel**  
**June 2011 - May 2012**  
**Docket No. 2012-3-E**

<u>Month</u>	<u>Total Cost of Fuel</u> <u>Burned</u>	<u>Purchased and</u> <u>Interchange Power Fuel</u> <u>Cost</u>	<u>Fuel Cost Recovered</u> <u>from Intersystem</u> <u>Sales</u>	<u>Total Fuel Cost</u>
	\$	\$	\$	\$
Jun-11	171,614,680	23,751,395	(2,577,628)	192,788,447
Jul-11	190,161,337	22,906,785	(5,701,067)	207,367,055
Aug-11	171,884,111	29,603,427	(2,124,372)	199,363,166
Sep-11	127,195,089	18,483,633	(1,063,351)	144,615,371
Oct-11	99,661,466	22,425,316	(687,499)	121,399,283
Nov-11	100,949,226	24,093,575	(1,043,283)	123,999,518
Dec-11	104,714,312	18,456,374	(754,719)	122,415,967
Jan-12	114,198,349	17,961,767	(859,733)	131,300,383
Feb-12	96,621,517	21,080,588	(585,257)	117,116,848
Mar-12	91,815,099	16,523,861	(682,665)	107,656,295
Apr-12	91,963,972	25,341,907	(456,046)	116,849,833
May-12	124,758,114	21,763,710	(1,685,099)	144,836,725
<b>Total</b>	<b>1,485,537,272</b>	<b>262,392,338</b>	<b>(18,220,719)</b>	<b>1,729,708,891</b>

Duke Energy Carolinas, LLC  
S.C. Retail Comparison of Fuel Revenues & Expenses  
June 2011 - September 2012  
Docket No. 2012-3-E

	ACTUAL									
	June 2011	July 2011	August 2011	September 2011	October 2011	November 2011	December 2011	January 2012		
Fossil Fuel Including Biomass										
Nuclear Fuel	\$ 152,533,816	\$ 168,460,374	\$ 150,574,441	\$ 108,386,373	\$ 81,109,418	\$ 81,444,079	\$ 82,093,420	\$ 91,260,775		
Solar Distribution Generation	\$ 19,080,864	\$ 21,700,963	\$ 21,309,670	\$ 18,808,716	\$ 18,552,048	\$ 19,505,147	\$ 22,620,892	\$ 22,937,573		
Purchased & Interchange Power	\$ 8,999	\$ 8,791	\$ 10,471	\$ 8,623	\$ 12,195	\$ 6,315	\$ 39,419	\$ 18,600		
Sub-Total	\$ 23,751,395	\$ 22,906,785	\$ 29,603,427	\$ 18,483,633	\$ 22,425,316	\$ 24,093,575	\$ 18,456,374	\$ 17,961,767		
Less: Intersystem Sales	\$ 195,375,074	\$ 213,076,913	\$ 201,498,009	\$ 145,687,345	\$ 122,099,977	\$ 125,049,116	\$ 123,210,105	\$ 132,178,715		
Total Fuel Costs	\$ 2,577,628	\$ 5,701,067	\$ 2,124,372	\$ 1,063,351	\$ 687,499	\$ 1,043,283	\$ 754,719	\$ 859,733		
Total System kWh Sales Excluding Intersystem Sales	\$ 182,797,446	\$ 207,375,846	\$ 199,373,637	\$ 144,623,984	\$ 121,411,478	\$ 124,005,833	\$ 122,455,386	\$ 131,318,962		
\$/kWh Sales	\$ 7,381,119,000	\$ 7,788,342,000	\$ 8,351,124,000	\$ 7,481,207,000	\$ 6,046,921,000	\$ 5,887,549,000	\$ 6,271,931,000	\$ 6,895,690,000		
Less: Base Sales Per kWh	\$ 0.026120	\$ 0.026626	\$ 0.023874	\$ 0.019332	\$ 0.020078	\$ 0.021134	\$ 0.019524	\$ 0.019044		
Fuel Adjustment Per kWh	\$ 0.020625	\$ 0.020625	\$ 0.020625	\$ 0.020625	\$ 0.025273	\$ 0.025273	\$ 0.025273	\$ 0.025273		
S.C. kWh Sales (000)	\$ (9,005,495)	\$ (9,046,001)	\$ (9,003,249)	\$ 0.001293	\$ 0.005195	\$ 0.004139	\$ 0.005749	\$ 0.006229		
Over/(Under) Recovery	\$ 1,896,126	\$ 2,005,761	\$ 2,152,357	\$ 1,930,682	\$ 1,571,166	\$ 1,508,940	\$ 1,603,948	\$ 1,721,148		
Cumulative Over/(Under) Recovery - Prior Month	\$ (10,419,212)	\$ (12,036,572)	\$ (6,993,008)	\$ 2,496,372	\$ 8,162,207	\$ 6,245,503	\$ 9,221,097	\$ 10,721,031		
Company Adjustments	\$ (528,767)	\$ (10,947,112)	\$ (22,975,419)	\$ (29,968,427)	\$ (27,472,055)	\$ (19,309,848)	\$ (13,064,345)	\$ (3,843,248)		
	\$ 867 (1)	\$ 8,265 (2)								
Cumulative Over/(Under) Recovery	\$ (10,947,112)	\$ (22,975,419)	\$ (29,968,427)	\$ (27,472,055)	\$ (19,309,848)	\$ (13,064,345)	\$ (3,843,248)	\$ 6,877,783		

Please Note:

In Audit Exhibit GS-5, ORS reflects Over-Recovery amounts without parentheses and reflects (Under)-Recovery amounts with parentheses.

For the actual review period and estimated months, the monthly "Renewable Purchased Power" (reflected on Miscellaneous Exhibit 4, line 4) amounts are reflected on ORS's Audit Exhibit GS-5 in the "Purchased & Interchange Power" figures for those respective months.

	ACTUAL					ESTIMATED				
	February 2012	March 2012	April 2012	May 2012	June 2012	July 2012	August 2012	September 2012		
Fossil Fuel including Biomass	\$ 75,178,272	\$ 69,395,418	\$ 72,950,541	\$ 105,244,979	\$ 119,833,000	\$ 128,529,000	\$ 130,608,000	\$ 148,685,000		
Nuclear Fuel	\$ 21,443,245	\$ 22,419,681	\$ 19,013,431	\$ 19,513,135	\$ 20,647,000	\$ 22,227,000	\$ 22,227,000	\$ 19,287,000		
Solar Distribution Generation	\$ 24,143	\$ 37,176	\$ 41,274	\$ 41,472	\$ 62,000	\$ 59,000	\$ 56,000	\$ 47,000		
Purchased & Interchange Power	\$ 21,080,588	\$ 16,523,861	\$ 25,341,907	\$ 21,763,710	\$ 17,260,000	\$ 17,201,000	\$ 22,420,000	\$ 15,927,000		
Sub-Total	\$ 117,726,248	\$ 108,376,136	\$ 117,347,153	\$ 146,563,296	\$ 157,802,000	\$ 168,016,000	\$ 175,311,000	\$ 183,926,000		
Less: Intersystem Sales	\$ 585,257	\$ 682,865	\$ 456,046	\$ 1,685,099	\$ 2,501,000	\$ 5,264,000	\$ 1,936,000	\$ 1,091,000		
Total Fuel Costs	\$ 117,140,991	\$ 107,693,471	\$ 116,891,107	\$ 144,878,197	\$ 155,301,000	\$ 162,752,000	\$ 173,375,000	\$ 182,835,000		
Total System kWh Sales Excluding Intersystem Sales	\$ 6,519,271,000	\$ 6,137,030,000	\$ 5,909,384,000	\$ 6,037,838,000	\$ 6,798,638,000	\$ 7,381,038,000	\$ 7,628,113,000	\$ 7,328,811,000		
\$/kWh Sales	\$ 0.017968	\$ 0.017548	\$ 0.019781	\$ 0.023986	\$ 0.022843	\$ 0.020500	\$ 0.022728	\$ 0.024947		
Less: Base Sales Per kWh	\$ 0.025273	\$ 0.025273	\$ 0.025273	\$ 0.025273	\$ 0.025273	\$ 0.025273	\$ 0.025273	\$ 0.025273		
Fuel Adjustment Per kWh	\$ 0.007305	\$ 0.007725	\$ 0.005492	\$ 0.001277	\$ 0.002430	\$ 0.003223	\$ 0.002545	\$ 0.000326		
S.C. kWh Sales (000)	1,669,691	1,572,793	1,557,540	1,577,272	1,785,507	1,901,442	1,959,995	1,918,319		
Over/(Under) Recovery	\$ 12,197,093	\$ 12,149,826	\$ 8,554,010	\$ 2,014,176	\$ 4,338,782	\$ 6,128,348	\$ 4,988,187	\$ 625,372		
Cumulative Over/(Under) Recovery - Prior Month	\$ 6,877,783	\$ 19,074,876	\$ 31,224,702	\$ 39,778,712	\$ 41,792,888	\$ 46,131,670	\$ 52,260,018	\$ 57,873,577		
Company Adjustments										
Cumulative Over/(Under) Recovery	\$ 19,074,876	\$ 31,224,702	\$ 39,778,712	\$ 41,792,888	\$ 46,131,670	\$ 52,260,018	\$ 57,248,205	\$ 57,873,577		

Please Note:

In Audit Exhibit GS-5, ORS reflects Over-Recovery amounts without parentheses and reflects (Under)-Recovery amounts with parentheses.

For the actual review period and estimated months, the monthly "Renewable Purchased Power" (reflected on McManis Exhibit 4, line 4) amounts are reflected on ORS's Audit Exhibit GS-5 in the "Purchased & Interchange Power" figures for those respective months.

Cumulative Over/(Under) Base Fuel Component (per Audit Exhibit GS-5)	\$ 41,792,888	\$ 57,873,577
Cumulative Over/(Under) Environmental Component (per Audit Exhibit GS-7)	\$ 7,198,018	\$ 8,160,813
Net Cumulative Base Fuel and Environmental Components Over/(Under) Recovery Balances	\$ 48,990,906	\$ 66,034,390

Duke Energy Carolinas, LLC  
Total Environmental Costs  
June 2011 - May 2012  
Docket No. 2012-3-E

Used for Environmental Cost Factor:

<u>Month</u>	<u>Emission Allowances</u>		<u>Limestone</u>		<u>Ammonia</u>		<u>Urea</u>		<u>Total Environmental Costs</u>	
	\$	%	\$	%	\$	%	\$	%	\$	%
Jun-11	74,653	3.02%	1,494,122	60.52%	511,556	20.72%	388,626	15.74%	2,468,957	
Jul-11	22,502	0.96%	1,437,964	61.14%	492,647	20.95%	398,546	16.95%	2,351,659	
Aug-11	10,786	0.41%	1,556,188	58.80%	639,645	24.17%	439,842	16.62%	2,646,461	
Sep-11	2,259	0.10%	1,223,274	55.33%	516,721	23.37%	468,680	21.20%	2,210,934	
Oct-11	4,375	0.20%	1,040,928	47.74%	918,188	42.11%	216,801	9.95%	2,180,292	
Nov-11	1,633	0.13%	988,533	77.87%	104,123	8.20%	175,256	13.80%	1,269,545	
Dec-11	20,691	1.24%	722,249	43.45%	704,651	42.39%	214,790	12.92%	1,662,381	
Jan-12	1,654	0.09%	1,132,763	64.66%	540,187	30.84%	77,199	4.41%	1,751,803	
Feb-12	(1,304)	-0.07%	814,616	42.32%	761,746	39.57%	349,836	18.18%	1,924,894	
Mar-12	930	0.12%	746,149	95.46%	(194,389)	-24.87%	228,917	29.29%	781,607	
Apr-12	985	0.08%	825,034	70.53%	42,549	3.64%	301,218	25.75%	1,169,786	
May-12	1,625	0.09%	1,179,099	64.39%	413,969	22.60%	236,626	12.92%	1,831,319	
TOTALS	140,789	0.63%	13,160,919	59.15%	5,451,593	24.50%	3,496,337	15.72%	22,249,638	

Duke Energy Carolinas, LLC  
Details of Environmental Costs  
June 2011 - September 2012  
Docket No. 2012-3-E

	Actual					
	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11
<b>Environmental Costs Incurred</b>						
Emission Allowances	\$ 74,653	\$ 22,502	\$ 10,786	\$ 2,259	\$ 4,375	\$ 1,633
Limestone	\$ 1,494,122	\$ 1,437,964	\$ 1,556,188	\$ 1,223,274	\$ 1,040,928	\$ 988,533
Ammonia	\$ 511,556	\$ 492,647	\$ 639,645	\$ 516,721	\$ 918,188	\$ 104,123
Urea	\$ 388,626	\$ 398,546	\$ 439,842	\$ 468,680	\$ 216,801	\$ 175,256
Sub-Total	\$ 2,468,957	\$ 2,351,659	\$ 2,646,461	\$ 2,210,934	\$ 2,180,292	\$ 1,269,545
Less: Gain on Emission Allowance Sales	\$ 515,200	\$ 156,250	\$ 42,000	\$ 362,500	\$ -	\$ -
Less: Inter-Company Sales	\$ 14,873	\$ 23,633	\$ 5,623	\$ 10,352	\$ 13,064	\$ 7,231
Net Environmental Cost	\$ 1,938,884	\$ 2,171,776	\$ 2,598,838	\$ 1,838,082	\$ 2,167,228	\$ 1,262,314
S.C. Retail MWh Sales	1,896,126	2,005,761	2,152,357	1,930,682	1,571,166	1,508,940
Total System MWh Sales	7,381,119	7,788,342	8,351,124	7,481,207	6,046,921	5,867,549
S.C. Allocation Factor of Total Environmental Costs	25.69%	25.75%	25.77%	25.81%	25.98%	25.72%
S.C. Share of Total Environmental Costs	\$ 498,099	\$ 559,232	\$ 669,721	\$ 474,409	\$ 563,046	\$ 324,667
Amount Billed to SC Customers	\$ 635,377	\$ 682,707	\$ 731,870	\$ 646,391	\$ 630,311	\$ 610,088
Over (Under)-Recovery	\$ 137,278	\$ 123,475	\$ 62,149	\$ 171,982	\$ 67,265	\$ 285,421
Cumulative Over (Under)-Recovery - Prior Month	\$ 3,595,468	\$ 3,732,746	\$ 3,856,221	\$ 3,918,370	\$ 4,090,352	\$ 4,157,617
Cumulative Over (Under)-Recovery	\$ 3,732,746	\$ 3,856,221	\$ 3,918,370	\$ 4,090,352	\$ 4,157,617	\$ 4,443,038
						\$ 4,697,005
						\$ 5,015,083

Duke Energy Carolinas, LLC  
Details of Environmental Costs  
June 2011 - September 2012  
Docket No. 2012-3-E

Environmental Costs Incurred	Actual				Estimated			
	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
Emission Allowances								
Limestone	\$ (1,304)	\$ 930	\$ 985	\$ 1,625	\$ 4,844	\$ 5,684	\$ 4,123	\$ 3,073
Ammonia	\$ 814,616	\$ 746,149	\$ 825,034	\$ 1,179,099	\$ 1,513,689	\$ 1,609,059	\$ 1,783,612	\$ 1,407,960
Urea	\$ 761,746	\$ (194,389)	\$ 42,549	\$ 413,969	\$ 1,022,111	\$ 1,033,460	\$ 1,085,915	\$ 896,454
Sub-Total	\$ 349,836	\$ 228,917	\$ 301,218	\$ 236,626	\$ 716,753	\$ 700,099	\$ 574,189	\$ 358,810
Less: Gain on Emission Allowance Sales	\$ 1,924,894	\$ 781,607	\$ 1,169,786	\$ 1,831,319	\$ 3,257,397	\$ 3,348,302	\$ 3,447,839	\$ 2,666,297
Less: Inter-Company Sales	\$ 968,432	\$ 968,432	\$ 970,086	\$ 968,432	\$ -	\$ -	\$ -	\$ -
Net Environmental Cost	\$ 11,860	\$ 12,970	\$ 7,623	\$ 22,808	\$ 22,804	\$ 22,804	\$ 22,804	\$ 22,804
S.C. Retail MWh Sales	\$ 944,602	\$ (199,795)	\$ 192,077	\$ 840,079	\$ 3,234,593	\$ 3,325,498	\$ 3,425,035	\$ 2,643,493
Total System MWh Sales	1,669,691	1,572,793	1,557,540	1,577,272	1,785,507	1,901,442	1,959,995	1,918,319
S.C. Allocation Factor of Total Environmental Costs	6,519,271	6,137,030	5,909,384	6,037,638	6,798,638	7,381,038	7,628,113	7,328,811
S.C. Share of Total Environmental Costs	25.61%	25.63%	26.36%	26.12%	26.26%	25.76%	25.69%	26.18%
Amount Billed to SC Customers	\$ 241,913	\$ (51,207)	\$ 50,631	\$ 219,429	\$ 849,404	\$ 856,648	\$ 879,891	\$ 692,066
Over (Under)-Recovery	\$ 702,640	\$ 649,046	\$ 620,260	\$ 634,707	\$ 740,000	\$ 824,000	\$ 839,000	\$ 813,000
Cumulative Over (Under)-Recovery - Prior Month	\$ 460,727	\$ 700,253	\$ 569,629	\$ 415,278	\$ (109,404)	\$ (32,648)	\$ (40,891)	\$ 120,934
ORS Adjustments	\$ 5,015,083	\$ 5,475,810	\$ 6,176,063	\$ 6,745,692	\$ 7,198,018	\$ 7,088,614	\$ 7,055,966	\$ 7,015,075
Cumulative Over (Under)-Recovery	\$ 5,475,810	\$ 6,176,063	\$ 6,745,692	\$ 7,198,018	\$ 7,088,614	\$ 7,055,966	\$ 7,015,075	\$ 8,160,813
				\$ 5,151 (3)				\$ 1,024,804 (6)
				\$ 18,670 (4)				
				\$ 13,227 (5)				